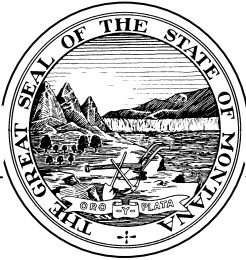


DEPARTMENT OF ADMINISTRATION  
DIVISION OF BANKING AND FINANCIAL INSTITUTIONS



BRIAN SCHWEITZER  
GOVERNOR

ANNIE M. GOODWIN  
COMMISSIONER

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## STATE OF MONTANA

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### **NEWS RELEASE**

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**FOR IMMEDIATE RELEASE**

**April 9, 2009**

### **Consumer Alert from State Banking Division on Mortgage Loan Modification Scams**

HELENA, MONTANA – The Montana Division of Banking and Financial Institutions urges homeowners who are delinquent on their mortgage to be cautious about using the services of someone offering to help them work with their lender to modify the terms of their home loan. The Division encourages consumers to contact the Banking Division to inquire if a business is licensed prior to utilizing these services.

A recent development in the ongoing subprime mortgage and foreclosure crisis is the emergence of a new type of business which purports to offer loss mitigation consulting, foreclosure prevention, mortgage loan modification, or similar services. Many states are seeing an increase in the number of advertisements, direct-mail solicitations and other marketing materials offering consumers assistance in negotiating resolutions of their delinquent residential mortgage loans with lenders and servicers, or assistance in negotiating lower mortgage loan rates, in exchange for up-front fees.

The Division has not yet received any consumer complaints against mortgage loan modification businesses. However, the Division is concerned about Montana consumers becoming victims of loan modification scams.

"Montana consumers should know that there are free and reliable resources available that may be used to explore all available options for requesting a mortgage loan modification," said Annie M. Goodwin, Commissioner of the Montana Division of Banking and Financial Institutions. "The Division encourages consumers to contact their own lender or mortgage servicer or a HUD approved housing counselor if they believe they will have difficulty in making their mortgage payments," said Goodwin.

Consumers who have fallen behind on mortgage payments or who are in foreclosure or default may become targets for certain types of scams known as "home equity theft" or "foreclosure rescue fraud." Perpetrators of these scams claim that they can solve debt problems and stop consumers from losing their home. Some of these scams offer to temporarily hold onto the house while consumers catch up on their payments. The perpetrator then uses deceptive tactics to obtain ownership of a consumer's home for a fraction of its market value, and leaves the consumer homeless yet still the holder of the mortgage that is still in foreclosure. Other scams falsely claim that they can stop a foreclosure or tax sale, charge substantial upfront fees and fail to deliver the promised results. Consumers need to remember that they don't need to pay fees for foreclosure prevention help. It's often better for consumers to apply that money to their mortgage payments. Many not-for-profit HUD approved housing counselors will help consumers negotiate with their lender for free.

The following list of foreclosure prevention resources is available to consumers on the Division's website at <http://banking.mt.gov/foreclosureprevention.mcp>

### **Information and Resources for Homeowners Behind on Mortgage Payments, in Default or Foreclosure**

If you are having trouble making your mortgage payments or have already fallen behind and are in default or foreclosure it is important that you act quickly to communicate your situation clearly to your lender or reach out for the help you need.

### **CONTACT A REPUTABLE FORECLOSURE PREVENTION COUNSELOR**

The most effective and potentially beneficial contact you should make immediately when you find yourself unable to make payment on your mortgage would be to a qualified foreclosure counselor. A counselor will help lead you through what can be a very complicated and

overwhelming process and identify all available resources. This service is available at NO cost to you from highly trained counselors across the state.

The Montana Department of Commerce Housing Division, which includes the Montana Board of Housing (MBOH) has received a \$401,000 grant from NeighborWorks America to support Montana's foreclosure prevention counseling efforts. This enables the MBOH to provide more "face to face" foreclosure counseling via the well-trained local foreclosure counselors in the NeighborWorks Montana network. NeighborWorks Montana is a nonprofit network of local and state organizations that provides free certified foreclosure prevention counseling across the state. Learn more about foreclosure counselors in your area and other resources by calling 1-866-587-2244 or go to [www.housing.mt.gov](http://www.housing.mt.gov) and click on the "Foreclosure Prevention" link provided under Featured Resources. In addition to NeighborWorks Montana other HUD approved counselors are also available to help provide you foreclosure prevention counseling. A link to Montana HUD approved housing counseling agencies is available online at <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search&searchstate=MT>

### CONTACT YOUR LENDER OR LOAN SERVICER

It is crucial that you contact your lender or loan servicer as soon as you realize that you are unable to make a payment. This is a crucial first step in addressing your situation and identifying possible solutions to your difficulties, including modifying the terms of your mortgage to reduce your interest rate and monthly payment, repayment plans, postponement of regular payments (forbearance) or other options. Provide any information requested by your lender or servicer quickly and keep records and copies of everything. It is very important that you respond to mail and phone calls from your lender. If your lender does not hear from you, they are more likely to start legal action leading to foreclosure.

### ONLINE RESOURCE - Visit <http://makinghomeaffordable.gov>

Visit <http://makinghomeaffordable.gov> which provides a valuable list of resources available to homeowners. This has been created in partnership with <http://financialstability.gov>.

### CALL THE HOMEOWNER'S HOPE HOTLINE

Homeowners seeking counseling or advice can also call the HOPE NOW toll-free at 1-888-995-HOPE (1-888-995-4673) or at [www.995hope.org](http://www.995hope.org). HOPE NOW is an alliance of HUD approved counseling agents, servicers, investors and mortgage lenders that provides free foreclosure prevention assistance.

### SEEK LEGAL ASSISTANCE

If legal proceedings have already started, you should immediately seek the advice of competent legal counsel. The State Bar of Montana provides a Lawyer Referral Service. The Lawyer Referral Service is a free, non-profit, public service of the State Bar of Montana. Its hours are Monday through Friday from 8:00 a.m. to 3:30 p.m. and the phone number is (406) 449-6577. If you cannot afford to pay an attorney's regular fees, contact the Montana Legal Services help line at (800) 666-6899. A summary of legal resources statewide and county from the State Bar of Montana is available online at

<http://www.montanabar.org/associations/7121/files/Montana%20Legal%20Resources.PDF>

### AVOID HOME EQUITY THEFT & FORECLOSURE RESCUE SCAMS

Be aware that if you have fallen behind on your mortgage payments, or your home is in foreclosure or default, you and your home may become targets for certain type of scams known as "home equity theft" or "foreclosure rescue fraud." Perpetrators of these scams claim they can solve your debt problems and stop you from losing your home. Some of these scams offer to temporarily hold onto the house while you catch up on your payments. They then use deceptive tactics to obtain ownership of your home for a fraction of its market value, and leave you homeless yet still the holder of the mortgage that is still in foreclosure. Other scams falsely claim that they can stop a foreclosure or tax sale, charge substantial upfront fees and fail to deliver the promised results. Remember that you don't need to pay fees for foreclosure prevention help. It's often better to apply that money to your mortgage payments. Also, many not-for-profit housing counselors will help you negotiate with your lender for free. Facts for consumers about foreclosure rescue scams is available online at

<http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre42.shtm>

### CONTACT THE BANKING DIVISION

If you still have questions about where to turn for assistance or don't know who to call first, call the Division of Banking and Financial Institutions at (800) 914-8423. Contact the Banking Division if you have been solicited by any loan modification businesses or been victim to any loan modification scams. Banking Division staff is available to answer your questions about financial institutions that it regulates and confirm whether a business is licensed. The list of financial institutions regulated by the Banking Division is available online at

<http://banking.mt.gov/licensees.mcp>

*The Division of Banking and Financial Institutions is the regulator for all Montana state-chartered banks, state-chartered credit unions, and non-depository financial institutions, which include consumer loan and sales finance companies, residential mortgage lenders, mortgage brokers and loan originators, title lenders, deferred deposit lenders, escrow businesses and business and industrial loan corporations. It is the mission of the Division of Banking and Financial Institutions to protect the public interest by regulating the business of state chartered and licensed financial institutions under its supervision. The Division is committed to preserve and promote: sound and constructive competition among financial institutions; a dual federal and state banking system; and the security of deposits. The Division seeks regulatory coordination and cooperation as well as regulatory parity among financial services institutions while encouraging diversity in financial products and services.*

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